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**ADDITIONAL PARTIES LISTED ON
 SIGNATURE PAGE**

**UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA
 OAKLAND DIVISION**

TECHNOLOGY PROPERTIES LIMITED
 LLC, et al.,

Plaintiffs,

vs.

HEWLETT-PACKARD COMPANY,

Defendant.

Civil Action No. 4:14-cv-03643-CW

DEFENDANTS'
 NOTICE OF MOTION AND MOTION FOR
 JUDGMENT ON THE PLEADINGS

Date: June 18, 2015
 Time 2:00 pm
 Place: Courtroom 2 – 4th Floor
 Judge: Hon. Claudia Wilken

TECHNOLOGY PROPERTIES LIMITED
 LLC, et al.,

Civil Action No. 14-03640 CW

DEFENDANTS' NOTICE OF MOTION AND

1		MOTION FOR JUDGMENT ON THE
2	Plaintiffs,	PLEADINGS
3	vs.	Date: June 18, 2015
4	CANON INC. et al.,	Time 2:00 pm
5	Defendants.	Place: Courtroom 2 – 4th Floor
6		Judge: Hon. Claudia Wilken
7	TECHNOLOGY PROPERTIES LIMITED	Civil Action No. 14-03640 CW
8	LLC, et al.,	DEFENDANTS' NOTICE OF MOTION AND
9		MOTION FOR JUDGMENT ON THE
10	Plaintiffs,	PLEADINGS
11	vs.	Date: June 18, 2015
12	NEWEGG INC. et al.,	Time 2:00 pm
13	Defendants.	Place: Courtroom 2 – 4th Floor
14		Judge: Hon. Claudia Wilken
15	TECHNOLOGY PROPERTIES LIMITED	Civil Action No. 3:14-cv-03646-CW
16	LLC, et al.,	DEFENDANTS'
17	Plaintiffs,	NOTICE OF MOTION AND MOTION FOR
18	vs.	JUDGMENT ON THE PLEADINGS
19	SEIKO EPSON CORPORATION, et al.,	Date: June 18, 2015
20	Defendants.	Time 2:00 pm
21		Place: Courtroom 2 – 4th Floor
22		Judge: Hon. Claudia Wilken
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NOTICE OF MOTION

PLEASE TAKE NOTICE THAT on June 18, 2015, at 2:00pm, or as soon thereafter as counsel may be heard before the Honorable Claudia Wilken in Courtroom 2 of the above-entitled Court, located at 1301 Clay St., Oakland, CA 94612, Defendants Hewlett-Packard Company, Canon Inc., Canon U.S.A., Inc., Newegg Inc, Rosewill Inc., Seiko Epson Corporation, and Epson America, Inc. (collectively “Defendants”) will and hereby move this Court, pursuant to Federal Rule of Civil Procedure 12(c), for judgment on the pleadings with respect to Technology Properties Limited’s and MCM Portfolio LLC’s (“TPL” or “Plaintiffs”) pending causes of action (Counts I-III). This motion is made on the following ground: Plaintiffs’ pending causes of action are barred by the *Kessler* doctrine because the U.S. International Trade Commission (“the ITC”) found that Defendants did not infringe U.S. Patent Nos. 7,295,443, 7,522,424 and 7,719,847 (the “patents-in-suit”), and Plaintiffs chose not to appeal the decision to the Federal Circuit.

This Motion is based on this Notice, the attached Memorandum of Points and Authorities, the pleadings and papers on file in this action or deemed to be on file at the time this Motion is heard, other such evidence and argument as may be presented in connection with the hearing of this Motion, and all matters of which this Court may take judicial notice.

DATED: May 1, 2015

GOODWIN PROCTER LLP

By /s/Marcia H. Sundeen

Marcia H. Sundeen

Attorney for Defendant Hewlett-Packard
Company

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1 Defendants Hewlett-Packard Company, Canon Inc., Canon U.S.A., Inc., Newegg Inc,
 2 Rosewill Inc., Seiko Epson Corporation, and Epson America, Inc. (collectively “Defendants”)
 3 respectfully bring this motion for judgment on the pleadings to dismiss Plaintiffs’ pending causes of
 4 action – regarding alleged infringement of U.S. Patent Nos. 7,295,443, 7,522,424 and 7,719,847
 5 (the “patents-in-suit”).¹

6 **PRELIMINARY STATEMENT**

7 The day before TPL filed its complaint initiating individual district court suits against each
 8 Defendant, TPL filed a complaint requesting the ITC to institute an investigation into the alleged
 9 infringement of the patents-in-suit due to Defendants’ importation and sale of various products,
 10 such as printers, laptops and desktops, that allegedly include infringing memory card readers
 11 (“Defendants’ products”). TPL requested that the ITC issue an exclusion order barring importation
 12 of Defendants’ products, if the ITC determined, *inter alia*, that Defendants’ products infringed the
 13 patents-in-suit.

14 At the outset of the individual district court suits, Defendants requested, and TPL did not
 15 oppose, that the district court grant stays pending the outcome of the ITC investigation. The district
 16 court actions were stayed, the ITC investigation proceeded to trial, and TPL lost all of its
 17 infringement claims against Defendants’ products relating to the patents-in-suit. TPL did not
 18 appeal the final ITC judgment, but now seeks to relitigate the same claims of infringement here.
 19 TPL should not be allowed a “do-over.” The ITC has already ruled that Defendants’ products do
 20 not infringe the patents-in-suit, and that finding is binding on this Court under the doctrine of
 21 *Kessler v. Eldred*, 206 U.S. 285 (1907).

22 The *Kessler* doctrine instructs that a finding of non-infringement precludes relitigation even
 23 where that finding would not be the basis for *res judicata* or collateral estoppel. In a case just
 24 decided last year, the Federal Circuit held that the *Kessler* doctrine is still binding precedent and
 25 still stands for the proposition that a patentee cannot bring a second suit after a finding of non-

26 ¹ Defendants provided notice to TPL on April 23, 2015, as to the substance of this motion and the
 27 proposed hearing date of June 18, 2015. TPL cited no scheduling conflict as to the proposed
 28 hearing date, but rather objected generally to the motion being raised at this stage of the
 proceedings. *See* Declaration of Marcia Sundeen in Support of Defendants’ Motion for Judgment
 on the Pleadings (“Sundeen Decl.”), ¶ 6.

1 infringement. Specifically, the *Kessler* Doctrine “fills the gap” in preclusion doctrines and allows
 2 “an adjudged *non-infringer* to avoid repeated harassment for continuing its business as usual post-
 3 final judgment in a patent action where circumstances justify that result.” *Brain Life, LLC v. Elekta*
 4 *Inc.*, 746 F.3d 1045, 1056 (Fed. Cir. 2014).

5 A straight-forward application of the *Kessler* doctrine establishes that TPL cannot relitigate
 6 the ITC’s finding of non-infringement. TPL chose to simultaneously bring actions in the ITC and
 7 in district court. The ITC has jurisdiction to resolve the question of infringement and it conducted a
 8 thorough and extensive investigation before rendering its final decision. An Administrative Law
 9 Judge (ALJ) reached a carefully reasoned opinion finding non-infringement. The full Commission
 10 considered that decision and affirmed the non-infringement determination. TPL could have
 11 appealed that decision to the Federal Circuit, but chose not to. Thus, TPL had every opportunity to
 12 prove infringement in a competent tribunal and ultimately to the appellate court that would hear an
 13 appeal in this case.

14 TPL should not get another chance simply because it would like to try again in another
 15 forum. The ITC proceeding is over and TPL lost. Having elected to forgo appealing the ITC’s
 16 determination that Defendants’ products do not infringe the patents-in-suit, the issues in the pending
 17 cases are resolved. There is no basis in law or policy for TPL to get another bite at the apple.

18 **STATEMENT OF ISSUE TO BE DECIDED**

19 Does the *Kessler* doctrine bar TPL’s claims for infringement of the patents-in-suit because
 20 the ITC has already found that Defendants’ products do not infringe those patents, and TPL chose
 21 not to appeal that decision to the Federal Circuit?²

22 **STATEMENT OF FACTS**

23 **A. TPL’s Complaint in the ITC**

24 On March 27, 2012, TPL filed a complaint in the ITC under Section 337, alleging
 25 infringement of, *inter alia*, the same three patents that are asserted in this action, and requesting the
 26

27 ² A similar motion is pending in the N.D. Cal. San Jose division in another matter involving TPL.
 28 See Defendant Barnes & Noble, Inc.’s Motion for Judgment on the Pleadings, *Tech. Prop. Ltd. LLC*
et al. v. Barnes & Noble, Inc., No. 12-cv-03863 (N.D. Cal. Feb. 4, 2015), ECF No. 48.

1 ITC to institute an investigation. (*See* Dkt. 12, Exh. A (4:14-cv-03640) (ITC Complaint).) The
 2 three patents are U.S. Patent Nos. 7,295,443 (the '443 Patent'), 7,522,424 (the '424 Patent') and
 3 7,719,847 (the '847 Patent'). All three of these patents relate to memory card readers, which are
 4 used in electronic devices such as laptops and printers. TPL alleged that memory card readers used
 5 in Defendants' products infringed these three patents. The ITC instituted an investigation based on
 6 TPL's allegations of infringement and the investigation proceeded.³

7 **B. TPL's Complaint in This Action**

8 On March 28, 2012, TPL brought suit in the U.S. District Court for the Eastern District of
 9 Texas against each Defendant for alleged infringement of the same respective patents asserted in
 10 the ITC.⁴ The operative allegations of infringement in each case are the same allegations set forth
 11 in TPL's ITC Complaint. *See, e.g.*, Compl. ¶¶ 5-52 (HP). TPL's Complaint alleges that memory
 12 card readers in Defendants' products infringe the patents-in-suit. *Id.* ¶¶ 14, 26, 38 and 50. The
 13 newly identified products in this Action are essentially the same as the accused products identified
 14 by TPL in the ITC matter. Pursuant to 28 U.S.C. § 1659, the Court granted mandatory stays of
 15 those cases pending the outcome of the ITC investigations based on unopposed motions. (*See, e.g.*,
 16 Dkt. 10.)

17 **C. The ITC Decision**

18 The ITC investigation proceeded before Administrative Law Judge Essex. The parties
 19 engaged in extensive fact and expert discovery. Judge Essex held a *Markman* hearing in August
 20 2012 and issued a lengthy *Markman* order in October 2012. In January 2013, Judge Essex held a
 21 four-day evidentiary hearing where the parties presented extensive fact and expert testimony. After
 22 the hearing and briefing, Judge Essex, in August 2013, ruled that Defendants' products did not
 23 infringe any of the three patents at issue in this suit. With regard to the patents-in-suit, Judge Essex

24 ³ *Certain Computers and Computer Peripheral Devices, and Components Thereof, and*
 25 *Products Containing the Same*, Inv. No. 337-TA-841 (the "841 investigation"). The public version
 26 of the ITC opinion is available on the ITC's EDIS system (<http://edis.usitc.gov>) and is also attached
 as Exhibit A to the Sundeen Declaration being submitted herewith.

27 ⁴ Different combinations of patents were asserted against various Defendants, but each of the
 28 patents asserted in the currently-pending actions was also asserted against the same Defendants in
 the ITC action.

found that the memory card readers in Defendants’ products did not satisfy the “mapping” limitations required by all asserted claims. TPL petitioned the Commission for review and reversal of Judge Essex’s conclusions. The Commission granted review and, after additional briefing, issued an opinion affirming the ALJ’s decision of non-infringement.

TPL could have appealed to the Federal Circuit, but chose not to do so, thus rendering the ITC judgment of non-infringement final. Instead, TPL moved to lift the stays in the Eastern District of Texas actions in an attempt to litigate anew the issues it lost at the ITC. After lifting the stays and consolidating the cases for pretrial purposes, the Texas Court transferred the cases to this Court on August 12, 2014.

ARGUMENT

I. LEGAL STANDARD

“After the pleadings are closed – but early enough not to delay trial – a party may move for judgment on the pleadings.” *Lyon v. Chase Bank USA, NA*, 656 F.3d 877, 883 (9th Cir. 2011) (quoting *Dworkin v. Hustler Magazine Inc.*, 867 F.2d 1188, 1192 (9th Cir. 1989)). A motion under Rule 12(c) is “functionally identical” to a motion to dismiss under Rule 12(b). *Id.* (quoting *Dworkin*, 867 F.2d at 1192). Thus, for a Rule 12(c) motion, “[t]he Court inquires whether the complaint at issue contains ‘sufficient factual matter, accepted as true, to state a claim of relief that is plausible on its face.’” *Harris v. County of Orange*, 682 F.3d 1126, 1131 (9th Cir. 2012) (quoting *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009)). “When considering a motion for judgment on the pleadings, this court may consider facts that are contained in materials of which the court may take judicial notice.” *Heliotrope Gen., Inc. v. Ford Motor Co.*, 189 F.3d 971, 981 n. 18 (9th Cir. 1999) (internal quotation marks omitted).

II. THE KESSLER DOCTRINE BARS TPL FROM RE-LITIGATING WHETHER DEFENDANTS’ PRODUCTS INFRINGE THE PATENTS-IN-SUIT

Because TPL brought suit in the ITC, and the ITC held that Defendants’ products do not infringe the patents-in-suit, TPL cannot relitigate that holding now. This case falls squarely within the *Kessler* doctrine, which bars relitigation of failed patent claims even where the case does not fit precisely within the scope of *res judicata* or collateral estoppel.

1 **A. The *Kessler* Doctrine Prevents a Plaintiff from Relitigating a Finding of Non-**
 2 **Infringement**

3 In *Kessler*, the owner of a patent related to electric lighters (Eldred) filed an infringement
 4 suit against a competing seller of lighters (Kessler). *Kessler*, 206 U.S. at 287-88. Although Kessler
 5 prevailed, Eldred then brought an infringement suit against one of Kessler’s customers, who sold
 6 the same lighters that were at issue in the first action. *Id.* Kessler intervened and also brought a
 7 separate suit to enjoin Eldred from asserting infringement claims against any of his customers for
 8 the use of the same lighter that had already been adjudged to be non-infringing. *Id.* The Supreme
 9 Court ultimately upheld the injunction, holding that the prior judgment, “whether it proceeds upon
 10 good reasons or upon bad reasons, whether it was right or wrong, settled finally and everywhere,
 11 and so far as Eldred ... was concerned, that Kessler had the right to manufacture, use and sell the
 12 electric cigar lighter before the court.” *Id.* The Court explained that the judgment that Kessler had
 13 the right to sell his lighter came with “the corresponding duty of Eldred to recognize and yield to
 14 that right everywhere and always.” *Id.* If Eldred were able to continue to file suits accusing
 15 products previously determined not to infringe, “the result will be practically to destroy Kessler’s
 16 judgment right.” *Id.* at 290. In short, by prevailing in the first suit, Kessler had immunized his
 17 lighter from any future infringement suits brought by Eldred.

18 The *Kessler* doctrine remains binding Supreme Court precedent, and the Federal Circuit
 19 recently reaffirmed its validity. *See Brain Life, LLC v. Elekta Inc.*, 746 F.3d 1045 (Fed. Cir. 2014).
 20 In *Brain Life*, the Federal Circuit recognized that “[t]here exists a separate and distinct doctrine,
 21 known as the *Kessler* Doctrine, that precludes some claims that are not otherwise barred by claim or
 22 issue preclusion.” *Id.* at 1055-56. “The *Kessler* Doctrine fills the gap between these preclusion
 23 doctrines, ... allowing an adjudged *non-infringer* to avoid repeated harassment for continuing its
 24 business as usual post-final judgment in a patent action where circumstances justify that result.” *Id.*
 25 at 1056. The principle underlying this conclusion is that “when an alleged infringer prevails in
 26 demonstrating noninfringement, the specific accused device(s) acquires the ‘status’ of a
 27 noninfringing device vis-à-vis the asserted patent claims” and “when the devices in the first and
 28 second suits are essentially the same, the new product(s) also acquires the status of a noninfringing

device vis-à-vis the same accusing party or its privies.” *Id.* at 1057 (internal quotation marks omitted). The Federal Circuit held that “because Elekta’s GammaPlan, GammaKnife, and SurgiPlan are essentially the same accused products” found non-infringing in a prior suit, “Brain Life’s claims are barred under the *Kessler* Doctrine.” *Id.* at 1058.

Shortly after *Brain Life* was decided, this Court recognized that *Brain Life* had “demonstrat[ed] that *Kessler* is still in force, and ... that it ‘precludes some claims that are not otherwise barred by claim or issue preclusion.’” *SpeedTrack, Inc. v. Office Depot, Inc.*, No. C 07-3602 PJH, 2014 WL 1813292, at *9 (N.D. Cal. May 6, 2014) (quoting *Brain Life*, 746 F.3d at 1055-56). And this Court accordingly held an infringement suit barred under *Kessler* where the same plaintiff had previously lost an infringement suit involving the same patent and essentially the same product. *Id.*

B. The *Kessler* Doctrine Bars TPL’s Infringement Claims

Here, as in *Kessler*, *Brain Life*, and *SpeedTrack*, there is a prior judgment that Defendants’ products do not infringe the same patents at issue. In particular, the ITC found the memory card readers in Defendants’ products do not infringe the patents-in-suit because they have fixed signal assignments and thus do not meet the “mapping” limitations required by all asserted claims. That judgment is final because TPL deliberately elected not to appeal to the Federal Circuit.

The *Kessler* doctrine bars TPL from relitigating its claims of infringement against Defendants’ products in this Court. That the prior judgment came from the ITC, rather than a federal court, is of no moment. In *Kessler* itself, the Supreme Court recognized that the nature of the court did not matter: “If rights between litigants are once established by the final judgment of a court of competent jurisdiction those rights must be recognized in every way, and wherever the judgment is entitled to respect, by those who are bound by it.” *Kessler*, 206 U.S. at 289 (emphases added). It is beyond dispute that the ITC – and the Federal Circuit – had jurisdiction over the matter at issue here, and that the ITC’s judgment is entitled to respect.⁵ If TPL had any basis to

⁵ See also *B&B Hardware, Inc. v. Hargis Indus., Inc.*, No. 13-352, slip op., 575 U.S. __ (2015) (holding that findings made by the Trademark Trial and Appeal Board (“TTAB”) can have a preclusive effect in subsequent federal court proceedings if the usual requirements of issue preclusion are met, and the *issues litigated in the two actions are “materially the same.”*) (emphasis added).

1 disturb any aspect of the ITC's judgment, the proper course would have been to appeal. Having
2 elected not to do so, TPL may not now press infringement claims against Defendants' products that
3 the ITC has finally resolved.

4 The *Kessler* doctrine applies even where no Federal Circuit appeal is available and the
5 question of infringement is resolved by a state court in interpreting a license agreement. In *MGA,*
6 *Inc. v. General Motors Corp.*, 827 F.2d 729 (Fed. Cir. 1987), the Federal Circuit held that the
7 *Kessler* doctrine applies to state court judgments about the scope of license agreements that
8 effectively resolve infringement questions, even though jurisdiction over infringement is
9 exclusively federal. The court explained: "In this case, MGA selected its first defendant, first
10 forum and first remedy. MGA had its day in court with a full trial on the merits of its case. ... Nor
11 was MGA left without recourse to seek correction of any perceived errors committed by the state
12 court." *Id.* at 735. The same (and more) is true of the ITC judgment here: TPL chose to sue
13 Defendants in the ITC, and chose not to appeal the ITC's decision despite its potential for review of
14 the decision in the Federal Circuit. The *Kessler* doctrine is based on the policy behind preventing
15 harassment and repeat litigation after a finding of non-infringement, and not on the availability of
16 *res judicata*. This policy applies equally to an ITC matter as it does to a state court matter. Indeed,
17 the case for application of the *Kessler* doctrine is even stronger in the ITC context, given the
18 expertise of the ITC in patent matters, as opposed to a state court, which has no jurisdiction at all
19 over patent claims and addressed the patent law issue only because it was a predicate to deciding
20 the contract claim.

21 Federal Circuit opinions holding that ITC decisions are not binding on district courts as a
22 matter of *res judicata* or collateral estoppel are inapposite because that is not the issue here. *See,*
23 *e.g., Texas Instruments v. Cypress Semiconductor Corp.*, 90 F.3d 1558,1569 (Fed. Cir. 1996) ('The
24 district court can attribute whatever persuasive value to the prior ITC decision that it considers
25 justified.');

26 *LSI Corp. et al. v. U.S. International Trade Commission*, No. 14-1410 (Fed. Cir. Mar.
27 20, 2015) ("decisions of the ITC involving patent issues have no preclusive effect in other
28

forums.”)⁶ None of those cases involved a finding of non-infringement; thus there was no reason to consider the *Kessler* doctrine. *See, e.g., Cypress*, 90 F.3d at 1562-63 (noting ITC finding of infringement); *Bio-Tech. Gen. Corp. v. Genentech, Inc.*, 80 F.3d 1553, 1563 (Fed. Cir. 1996) (considering ITC decision based on sanction for discovery violation).⁷ Thus, with respect to an ITC finding of non-infringement, the Federal Circuit has not yet considered the *Kessler* doctrine or the policy behind that doctrine, i.e., the strong interest in preventing parties from getting a second chance at an infringement suit against products that have been found not to infringe.

The Federal Circuit case law on *res judicata* and collateral estoppel is also inapposite because the *Kessler* doctrine was created by the Supreme Court for the exact purpose of “fill[ing] the gaps” when *res judicata* or collateral estoppel are inapplicable but the party should still be bound. *Brain Life*, 746 F.3d at 1056; *see also SpeedTrack*, 2014 WL 1813292, at *9. Indeed, the *Kessler* doctrine is a special rule for patents given the particular interest there in preventing unfair harassment with multiple infringement suits. *Res judicata* and collateral estoppel are general doctrines that apply to all subject matters, and thus do not take account of this particular interest in patent cases.

C. TPL Cannot Evade the Binding Effect of an ITC Finding of Non-Infringement by Choosing Not to Appeal

An ITC decision is binding under the doctrine of *stare decisis* when the Federal Circuit decides an appeal from that decision. As the Federal Circuit has explained:

⁶ Defendants preserve the right to move at a future date for summary judgment based on the persuasive value that should be accorded to the ITC judgment. Defendants also preserve an argument that the Federal Circuit decisions regarding *res judicata* and collateral estoppel, which have never been confirmed by the Supreme Court, are erroneous, though Defendants recognize that they are binding on this Court.

⁷ The one case that did involve a finding of non-infringement supports Defendants’ position. *PowerTech Tech. Inc. v. Tessera, Inc.*, 660 F.3d 1301 (Fed. Cir. 2011). That case in fact confirms that there are circumstances under which an ITC decision will be binding in later proceedings. In *PowerTech*, the Federal Circuit held that the ITC’s decision, as affirmed by the Federal Circuit, was binding as a matter of *stare decisis*. *Id.* at 1303-04, 1308. The Federal Circuit did not consider whether the *Kessler* doctrine provided an additional basis for holding that the finding of non-infringement was binding.

1 TI also argues that by our denying preclusive effect to ITC determinations and to our
2 decisions in appeals from ITC decisions, district courts would be free to ignore our
3 decisions. That is not correct. District courts are not free to ignore holdings of this
court that bear on cases before them. Subsequent panels of this court are similarly
not free to ignore precedents set by prior panels of the court.

4 *Texas Instruments*, 90 F.3d at 1569. The Federal Circuit has recently reiterated that “[a]lthough the
5 resolution of the ITC action will not have preclusive effect on ... the district court in this case,” the
6 court is “nonetheless bound by *stare decisis* to abide by any legal precedents established
7 by our court in” its decision affirming the ITC’s finding of non-infringement. *Powertech*, 660 F.3d
8 at 1308; *see also id.* (“To the extent Tessera’s claims against PTI’s customers arise from the same
9 set of facts addressed in *Tessera*, the result we reached there would control equally here.
10 Accordingly, we vacate the dismissal on jurisdictional grounds and remand with instructions to
11 apply our decision in *Tessera*”).

12 TPL attempted to avoid this binding effect of *stare decisis* by choosing not to appeal, but a
13 party cannot evade an ITC ruling in this way. The Federal Circuit has never suggested otherwise
14 because in all of the cases regarding the binding effect of ITC rulings, there was an appeal from the
15 ITC judgment. *See Powertech*, 660 F.3d at 1307; *Texas Instruments*, 90 F.3d at 1563; *Bio-Tech.*
16 *Gen. Corp.*, 80 F.3d at 1563. Indeed, there is no reasonable basis to allow a party to evade an ITC
17 judgment by strategically choosing not to appeal an ITC judgment of non-infringement so as to
18 simply start from scratch in district court.

19 First, courts consistently refuse to give a party the benefit of a tactical decision not to
20 appeal. For example, the Supreme Court has held that a party that makes “a considered choice not
21 to appeal ... cannot be relieved of such a choice because hindsight seems to indicate to him that his
22 decision not to appeal was probably wrong” *Ackermann v. United States*, 340 U.S. 193, 198
23 (1950). In another case, the Supreme Court held that respondents could not become “windfall
24 beneficiaries of an appellate reversal procured by other independent parties” where the respondents
25 “made a calculated choice to forgo their appeals.” *Federated Dep’t Stores, Inc. v. Moitie*, 452 U.S.
26 394, 400-01 (1981); *see also, e.g., Twelve John Does v. Dist. of Columbia*, 841 F.2d 1133, 1141
27 (D.C. Cir. 1988) (“[W]here the parties seeking relief have made a ‘free, calculated, deliberate’
28

1 decision not to appeal, Rule 60(b)(6) is simply not available to relieve them of the consequences of
 2 that decision, absent extraordinary circumstances.”). This simply reflects the general principle that
 3 a party’s failure to appeal a particular determination bars later relitigation of that issue. *See, e.g.,*
 4 *Function Media, L.L.C. v. Kappos*, 508 F. App’x 953, 956 (Fed. Cir. 2013) (“Google’s failure to
 5 appeal the determined validity of those claims removed them from any subsequent actions.”);
 6 *EFCO Corp. v. U.W. Marx, Inc.*, 124 F.3d 394, 399-400 (2d Cir. 1997) (“Where a plaintiff’s motion
 7 to amend its complaint in the first action is denied, and plaintiff fails to appeal the denial, *res*
 8 *judicata* applies to the claim sought to be added in the proposed amended complaint.”). In
 9 particular, in the administrative context, the decision not to appeal to an Article III court does not
 10 deprive the administrative judgment of binding effect. *See, e.g., McLellan v. Perry*, No. 3:12-CV-
 11 00391-MMD, 2014 WL 1309291, at *5 (D. Nev. Mar. 27, 2014) (“McLellan’s contention that the
 12 unreviewed determination of the Hearing Officer cannot have a preclusive effect is contrary to
 13 established law... . [T]he claim was litigated at the agency and became final when McLellan chose
 14 not to appeal to the state district court.”). Here, likewise, the binding effect of the ITC judgment
 15 should not be undermined by TPL’s decision to forego an appeal.

16 Second, the reasoning in the *Kessler* line of cases demonstrates that a decision not to appeal
 17 is an illegitimate basis to avoid what would be an otherwise binding judgment. For instance, in
 18 *Brain Life*, the patentee argued that because he abandoned some of the claims before trial in the first
 19 suit, he should be able to relitigate those claims. The court rejected that argument, holding:
 20 “Simply, by virtue of gaining a final judgment of noninfringement in the first suit—where all of the
 21 claims were or *could have been asserted* against Elekta—the accused devices acquired a status as
 22 noninfringing devices, and Brain Life is barred from asserting that they infringe the same patent
 23 claims a second time.” *Brain Life*, 746 F.3d at 1058 (emphasis added); *see also id.* at 1058-59
 24 (“Brain Life instead focuses its efforts on demonstrating that the patent claims in the two suits are
 25 not essentially the same. That is beside the point under the *Kessler* Doctrine because Elekta’s ...
 26 products have acquired the status of noninfringing products as to the ’684 patent, *i.e.*, all claims that
 27 were brought or *could have been brought* in the first suit.” (emphasis added)).

1 This Court similarly recognized in *SpeedTrack* that what matters under *Kessler* are the
2 arguments the plaintiff could have pursued, regardless of whether it actually did so. *See*
3 *SpeedTrack*, 2014 WL 1813292, at *9 (“Certainly, if the *Kessler* doctrine bars the assertion of new
4 *claims*, it must also bar the assertion of new *theories* involving the same, already-asserted claims.”).
5 Simply put, once a product is given a status of a non-infringing product as to a certain patent, that
6 status cannot be undone by arguments about what a plaintiff might have done differently in the first
7 suit. This logic applies equally to TPL’s decision not to appeal—what matters is that TPL could
8 have brought all of its arguments to the Federal Circuit. TPL chose not to do so and it cannot
9 undermine the binding effect of the ITC judgment.

10 Finally, *Kessler* was decided as a policy matter to ensure fairness to makers of products
11 adjudged to be non-infringing, and those policies uniformly support giving binding effect to the
12 ITC judgment here. TPL filed suit in district court and in the ITC within one day of each other,
13 alleging the same basis for infringement. In the ITC proceeding, TPL had every incentive to—and
14 in fact did—make its very best arguments for infringement. Accordingly, this case is nothing more
15 than a second attempt by TPL to pursue claims on which it already failed in another forum and to
16 force Defendants to defend themselves again after being forced to expend substantial sums in
17 defending themselves in the ITC—a prime example of harassment. The proper way for TPL to
18 challenge that decision would have been an appeal to the Federal Circuit, not to attack it indirectly
19 (or otherwise ignore it) in this Court. Such an indirect challenge is especially inefficient for the
20 parties and the Court given that the ultimate review in this matter would also rest with the Federal
21 Circuit. And if allowed, it would wrongfully encourage parties not to appeal in the hope of
22 receiving a different opinion from another forum, which they could still appeal if unsuccessful.

23 CONCLUSION

24 For the foregoing reasons, Defendants respectfully request that the Court grant this motion
25 in accordance with Rule 12(c) and enter judgment on the pleadings, dismissing Plaintiffs’ pending
26 causes of action with prejudice.

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2 DATED: May 1, 2015

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served on all counsel for all parties of record on May 1, 2015 via the Court's CM/ECF system.

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